



CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE, SOCIAL DISCLOSURE AND THE VALUE OF LISTED CONSUMER GOODS FIRMS IN NIGERIA: ROLE OF EXECUTIVE COMPENSATION

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Abstract

Disclosure of information relating to a firm's social commitment has become a critical strategy for the firm's visibility and increased investors' confidence. Similarly, investment in corporate social responsibility (CSR) ventures remain pivotal in improving corporate image, reputation and positive perception of investors and other members of society, which ultimately reflects on the firm's value. This study therefore examined the effect of CSR expenditure (CSRX) alongside social disclosure (SOCD) on the value of listed consumer goods firms in Nigeria from 2006 to 2023; using executive compensation (EXCOM) as moderating variable. The study population consisted of 21 firms and 16 firms were purposively selected as sample. The study was underpinned by legitimacy theory, which advocates legitimising firms' operations by adhering to societal norms and adequate disclosure of CSR undertakings. This study employed multiple regression and moderated regression for analysis and test of study hypotheses. The outcome of this study showed that both CSRX and SOCD had significant effects on firm value; however, while the effect of CSRX was positive, that of SOCD was adverse. In addition, EXCOM enhances the effect of SOCD on firm value positively but does not moderate the effect of CSRX. The study therefore recommends that firms should give due consideration to CSR strategies to legitimise their operations in society which ultimately improves firm value via positive reputation and investors' confidence. Moreover, firms should leverage skills and social aptitude of their executives to optimise value via social disclosures, hence giving adequate attention to their compensation.

Keywords: corporate social responsibility expenditure, executive compensation, legitimacy theory, social disclosure, Tobin's Q

1. Introduction

Modern business complexities have occasioned the necessity for firms to harness effective strategies that will enhance performance and boost firm value. Optimising value has become the paramount focus of most business firms as this gives positive signal to both existing and potential investors. Firm value (FV) connotes the worth of a firm in the instance of acquisition, it is the value investors place on a firm which is reflected on the share price. FV could be enhanced via several factors, such as those relating to ordinary business activities stemming from trading and other investment activities. On the other hand, some value enhancing factors stem from extraordinary activities, such as engaging in corporate social responsibility (CSR) and adequate social disclosure to stakeholders, which improves corporate image and reputation.

Progressive firms are opened to contemporary strategies for enhanced competitive advantage and optimisation of value. One of such strategy is by commitment to society via investment in activities revolving around corporate social responsibility (CSR), as well as disclosing relevant information on social and societal concerns. These endeavours increase favourable stakeholder perception and social acceptance of a firm. This comes as a result of the drastic and warranted shift in paradigm from absolute profit focus to an orientation that aligns profit-making with philanthropy and benevolence to relevant



stakeholders. Likewise, this trend is owing to the vindictive view that the activities of firms have a direct impact on proximate communities and society, which are mostly negative.

The establishment of a firm within a society poses relational and stakeholder challenges to a firm. In this way, companies apportion significant amounts of resources for benevolent endeavours towards stakeholders other than shareholders or investors. Disclosure of a firm's social commitment presents information on social concerns bothering on inclusivity, overall welfare and fair dealings among members of society. These commitments foster good relationship with stakeholders and enhances societal standard of living. Ethical business practices are also necessary to tackle societal issues and mitigate inequalities, which could be beneficial to both the firm and its diverse stakeholders. Hence, community engagement, customer satisfaction, human rights considerations should be prioritised and effectively disclosed to attain legitimacy (Sulaiman et al., 2024).

Essentially, in order to boost public image and the value of a company via its engagement in CSR activities, adequate resources need to be channelled towards relevant social causes. These resources include human, financial and physical resources, which have to be adequately managed to encapsulate several competing economic and social requirements of a firm. Hence, a firm's executives are pivotal in the success or otherwise of the business, because they oversee the effectiveness of operations carried out within the organisation, including CSR investment and disclosure of social commitments. It is therefore imperative that their compensation be given paramount attention in order to serve as motivation towards achieving corporate objectives, such as optimising value.

The consumer goods sector in Nigeria has contributed immensely to the nation's economy and has recorded 5.7% GDP growth year on year as at 2021 (Afrinvest Research, 2022). However, some firms in this sector have recorded a decrease in value over the years; for instance, Augie (2019) reported that many investors lost confidence in consumer goods firms as a result of consistent decline in their share value. In addition, nine listed consumer goods firms were rated among the top poor performing firms in terms of market value as of 2022, with cumulative market capitalisation of N299.5 billion (Ogwu, 2022). Some factors contributing to the decline in value of these firms stemmed from unfavourable macroeconomic condition in Nigeria. Such factors include hike in interest rate, inflation and weakening exchange rate of the Naira which has made the shares of firms less attractive to investors (Adamolekun, 2022).

Most of these macroeconomic factors are beyond the firm's control, however, there are strategies a firm can put in place to boost its attractiveness to investors and other stakeholders. Such strategies include investing in CSR ventures as well as disclosing the firm's social commitments to internal and external stakeholders. These strategies can be initiated by the firm and can improve its visibility and attractiveness to investors. In other words, a firm's value may continue to decline if adequate measures are not put in place; hence, the issue is whether firms have harness CSR strategies to attract the number and calibre of investors required to optimise its value. In addition, the willingness and efficiency of the firm's executives to invest in CSR, and to divulge information on the firm's social endeavours that will be instrumental in enhancing value is also an issue to consider. If there is apathy on the part of a firm's executives regarding CSR endeavours due to inadequate incentives and compensation, optimising firm value may still be elusive in light of the prevalent macroeconomic condition.

Against this background, this study examined the effect of corporate social responsibility and social disclosure on the value of listed consumer goods firms in Nigeria, moderated by executive compensation. In line with the objective, the null hypotheses for the study are:

H_{01} : Corporate social responsibility expenditure has no significant effect on the value of listed consumer goods firms in Nigeria.



H₀₂: Social disclosure does not have significant effect on the value of listed consumer goods firms in Nigeria.

H₀₃: Executive compensation has no significant effect on the value of listed consumer goods firms in Nigeria.

H₀₄: Executive compensation does not have significant moderating effect on corporate social responsibility expenditure and the value of listed consumer goods firms in Nigeria.

H₀₅: Executive compensation has no significant moderating effect on social disclosure and the value of listed consumer goods firms in Nigeria.

2. Literature Review

This section reviews literature on concepts, theory and empirical works pertinent to the subjects of the study.

Firm Value

Firms usually engage capital market mechanisms to increase value and build trust from investors and the general public by improving its share price (Simanjuntak et al., 2020). Thus, firm value (FV) denotes investors' confidence in the performance and success of a firm which is reflected in its share price as a result of demand for the firm's shares (Jihadi et al., 2021). Implying that, as the demand for firm's shares increases so does its price, which is a proof of investors' confidence as they are willing to acquire more shares for greater returns. In other words, FV is a potent indicator of investors' confidence in a firm's survival because when a firm's value is high it is believed that the firm is buoyant and has the prospect to increase shareholders' wealth (Adiputra & Hermawan, 2020).

Theoretically, FV is the value for which investors are willing to buy or take over the business in the event of business purchase (Jihadi et al., 2021; Wiranudirja et al., 2022). In addition, FV can also act as a barometer for the performance of a firm's executive (Sari et al., 2021). In reality, a firm's value increases when its operational performance is at optimum (Chabachib et al., 2019). Moreover, increase in FV is a long-term goal of a company (Siregar et al., 2019). FV is a depiction of the public's confidence in a company over a period of time (Kurniasari & Bernawati, 2020).

There are several indicators of FV, including Earnings per share, market price per share, Tobin's Q and price to book value. However, this study focuses on Tobin's Q (TBQ), which is considered an innovative indicator of firm value since it is based on prevailing market price, hence reflective of the firm's ability to maintain a cogent and competitive stance in the stock market. Wirawan et al. (2020) reckoned that TBQ, being a market-based measure of firm value is reflective of external stakeholders' view of the company; moreover, it can be used as a comparative instrument across industries. TBQ represents the addition of market value of common stock to book value of preferred stock and liabilities, and divided by the company's total assets (Ting, 2020). TBQ can also be defined as the ratio of a firm's market value to the replacement cost of its assets (Bani-Khaled et al., 2021). In other words, TBQ is the market value of a firm's outstanding financial claims to its asset's current replacement costs (Adiputra & Hermawan, 2020). This is computed by comparing equity market value plus the company's liabilities with the corresponding book values of both items.

Drawing from Zik-Rullahi and Farouk (2021), TBQ is the addition of the market value of a firm's shares in issue and the market value of all liabilities, this addition is then taken as a proportion of the replacement value of the firm's production capacity. By implication, TBQ is the market value of a firm, presented as a ratio of the replacement value of its assets; thus, ascertaining how much value a firm creates from its base assets. Hence, TBQ measures stock market performance and it is an indicator of investors' confidence in the firm (Zoghلامي, 2021). TBQ is also relevant in assessing the ability of a firm to generate favourable market value as well as its growth potential (Puspitasari et al., 2018).



Corporate Social Responsibility Expenditure

Expenditure in CSR ventures is meant to build and maintain healthy relationship between internal and external stakeholders, and to develop positive reputation with investors and other potential stakeholders via consumer protection, social contribution and environmental management (Kang & Cho, 2020). Investing in CSR also entails donating a portion of a firm's profit for the enhancement of society (Chaudhry et al., 2019). Thus, socially minded investors are inspired to pay greater premium for firms that engage in CSR which eventually enhance greater firm value (Ryu & Chae, 2021). Expenditure on CSR activities increases a firm's visibility and creates a positive feedback loop, making the firm more attractive to consumers, investors and other stakeholders (Li et al., 2018). Implying that firms with high visibility are more likely to obtain positive response from external stakeholders and investors.

Bani-Khaled et al. (2021) referred to CSR expenditure as a means by which firms give attention to those affected by their activities. Accordingly, the benefits derived by firms from engaging in CSR surpasses the costs as it helps them achieve sustainable developmental goals and improve firm value (Ghardallou & Alessa, 2022). In a similar vein, Kurniasari and Bernawati (2020) argue that expenditure in CSR ventures is of paramount importance as it enables stakeholders assess whether a company puts into consideration diverse interests and expectations. In this way, investment in CSR is quintessential as it enables stakeholders assess whether a firm is committed to their welfare (Bajic & Yurtoglu, 2018), which could serve as insurance against reputational risk (Kurniasari & Bernawati, 2020). Besides, such assessment will affect the perceptions of stakeholders either positively or negatively; hence, a positive perception is inevitable in building a robust firm value.

Social Disclosure

The social dimension of CSR represents a firm's commitment to the welfare and development of its workforce, satisfaction of customers and contribution to the advancement of society (Şeker & Şengür, 2021). This dimension also appraises a firm's capacity to obtain loyalty and positive perception from its customers, workforce and society via its commitment to welfare (Abdi et al., 2020). The social dimension focuses primarily on the complexities of both internal and external organisational relationships of a firm (Feneir, 2023). The disclosure of such relational qualities could improve stakeholder perception of the firm, which culminates in enhanced firm value (Chang & Lee, 2022; Abed et al., 2023). The relevance of this dimension is in its potential in fostering good relationship with stakeholders, which enhances good reputation and positive perception of the firm. Hence, adequate social commitment and disclosure increases firm's social capital and reputation which translates to enhanced value ultimately (Yi et al., 2022). Social disclosure (SD) provides information ranging from workforce welfare to product responsibility, which also includes prioritising customer satisfaction and human right strategies (Alsayegh et al., 2020; Bruno et al., 2023).

According to Majidi and Wahyuningtyas (2024), the social factor or social disclosure is an index which presents social information such as fair-trade ethics; employees' welfare and inclusivity; and community enhancement to the general public via annual report to gain positive corporate image. Disclosure of social undertakings showcases a firm's capacity to manage resources and expertise for increased customer loyalty, employee commitment and favourable perception of society (Alsayegh et al., 2020). SD in a firm's annual report indicates that the firm voluntarily discloses information on community and social concerns beyond the basic legal requirements for such disclosures (Majidi & Wahyuningtyas 2024; Xaviera & Rahman, 2024). SD also entails divulging information regarding employee welfare, safety and training, as well as contribution to community development and wellbeing (Becchetti et al., 2022). Divulging information about prior social commitment on employee development, employee welfare, support for community development and donations to charitable



organisations, fosters transparency and further commitment to these endeavours (Shaheen & Zaytoun, 2024).

Executive Compensation

The executives of a firm are responsible for establishing appropriate strategies for achieving the firm's objectives, including maximising firm value. Thus, their welfare in terms of compensation is considered paramount for the smooth running and success of a firm's operations. To buttress this, Santulli (2022) asserted that the efficiency of an organisation to adapt to external demands and to balance the claims of multiple stakeholders are spearheaded by the firm's executives. Besides, for a CSR project to be adequately implemented, it requires unswerving acceptance by the executives, bearing upon resource challenges and strategic intent of the firm (Mitra et al., 2020).

Executive compensation (EC) is viewed as salaries and other benefits granted to executives as reward for their services in the organisation (Truong et al., 2020). Likewise, according to Zik-Rullahi and Farouk (2021), EC consists of both financial and non-financial rewards and emoluments given to a firm's executive for services rendered. When adequate compensation mechanism is put in place, it helps to align the executives' interest with those of the business as a whole, including its CSR targets (Widiatmoko, 2020). EC has been used as an instrumental tool in aligning the interests of executives with that of the firm (Phung et al., 2022). Hence, the onus is on the firm's executives to use their expertise and experience to maximise wealth for the shareholders, and by so doing enhance the value of the firm (Wiranudirja et al., 2022).

Theoretical Review

Legitimacy Theory

Legitimacy is derived from social contract which advocates that firms constantly seek to legitimise their activities through behaviours consistent with social and environmental enrichment (Alamgir & Uddin, 2017). Proponents of legitimacy theory explicate the connection between societal politics and firm survival (Masud et al., 2022). Thus, firms should operate and live in harmony with the socio-political climate prevalent in the society in which they are located (Mitra et al., 2020). Legitimacy theory (LT) also advocates that firms voluntarily disclose information on social endeavours which conforms to societal norms and expectations (Alsayegh et al., 2022).

Likewise, LT is regarded as a social contract with focus on the relationship between a firm and the society (Adiputra & Hermawan, 2020). Hence, the firm's continual survival in the society is contingent on its synergistic relationship with the community. In other words, legitimacy is attained when a firm conforms to existing societal values, which hold significant factors that can uphold a firm's legitimacy. Besides, firms uphold legitimacy like a social contract to avoid sanctions and survival threats (Oyewumi et al., 2018). This view presents legitimacy as the hidden responsibility a firm has towards a society, such as behaving in accordance with norms and expectations (Nguyen, 2020). Thus, expenditures on CSR activities and social practices are usually disclosed by publicly traded firms to accentuate this perspective (Okpa et al., 2019). In other words, CSR expenditure and relevant social disclosures bridge legitimacy gaps by increasing social transparency (Iqbal, 2019).

Empirical Literature

This aspect of the study reviews empirical works relating to the subject of CSR expenditure, social disclosure, firm value and executive compensation.

Corporate Social Responsibility Expenditure and Firm Value

Regarding the effect of corporate social responsibility (CSR) expenditure on firm value, earlier studies have shown diverse outcome. Drawing from legitimacy theory, Amahalu et al. (2017) focused on 15 quoted deposit money banks in Nigeria using panel least square and Granger causality test from 2010 to 2016. Donation to host community was used as proxy for CSR; while Market to Book Value was used to proxy Firm Value (FV). The study outcome showed that CSR had significant positive on



FV. Conversely, the study by Dharmapala and Khanna (2017) showed that CSR had a significant negative effect on firm value. The focus of this study was on the top 100 large firms in India from 2012 to 2015. CSR was measured using change in CSR expenditures, while firm value was measured by cumulative abnormal returns (CARs). Difference-in-Difference approach and multiple regression was used for analysis in the study.

In Indonesia, Hersugondo et al. (2019) focused on 130 financial services companies from 2013 to 2016, premised by stakeholder theory. CSR expenditure was used as proxy for CSR. Firm value was measured by Price to Book Value (PBV) and Debt to Equity Ratio (DER). The result from the regression analysis in the study showed that CSR had significant positive effect on the firm value. A similar result was obtained in the study by Bose et al. (2020), which focused on 30 listed banks in Bangladesh from 2007 to 2014 using ordinary least square. CSR expenditure was used as proxy for CSR while market value of equity was the dependent variable. The result from the study also showed that CSR had significant positive effect on market value.

Butt et al. (2020) centred on 71 non-financial firms in Pakistan from 2008 to 2017. CSR expenditure was measured by total donations alongside investment in education and community development; firm value was measured by Return on Assets (ROA) and Tobin's Q. Regression analysis was used for this study and the outcome showed significant positive effects of all proxies of CSR expenditure on ROA. However, only CSR total donations and investment in education had significant positive effect on Tobin's Q; whereas, investment in community development was insignificant. Anchoring on stakeholder theory, Obiora et al. (2022) focused on 12 listed industrial goods firms in Nigeria from 2016 to 2020. Using multiple regression, the outcome of the study showed that CSR expenditure had significant positive effect on firm value (measured by net assets per share).

As observed, most prior studies on CSR and FV used GRI metrics and other measures for CSR, only a few studies employed CSR expenditure in terms of its effect on firm value. A few other studies that used CSR expenditure focused on financial performance and profitability, such as those carried out by Abubakar (2018) and Abada et al. (2021).

Social Disclosure and Firm Value

Extant studies have shown divergent outcomes with regards to social disclosure and firm value. For instance, focusing on 27 airlines globally from 2014 to 2019, Abdi et al. (2020) provided evidence that social dimension had significant negative effect on two proxies of firm value (market to book ratio and Tobin's Q). Social data was based on ESG scores from Thomson Reuter Eikon pillars, and regression was used for analysis in this case. A contrary outcome was obtained by Javanshir et al. (2024) which showed a significant positive effect of social disclosure on firm value. Content analysis was used for the social disclosure of 106 Iranian companies listed on the Tehran Stock Exchange, questionnaires were also employed in the study. Analyses were carried out using Delphi forecasting methods and multiple regression.

Suretno et al. (2022) focused on 27 firms listed on the Indonesian Stock Exchange from 2016 to 2020, and the result showed that social disclosure had significant positive effect on firm value. Social disclosure was measured by metric from Refinitiv Eikon while firm value was measured by Tobin's Q. Similarly, in Indonesia, Susbiyani et al. (2022) centred on 24 firms registered on the Indonesian Sharia Stock Index from 2018 to 2019. Firm value was measured by Tobin's Q, while social disclosure employed content analysis based on six predetermined themes. Path analysis was used for the study and the outcome showed that social disclosure had significant positive effect on firm value.

Exploring educational sector, Júnior et al. (2024) focused on 50 listed organisations from 13 countries with period spanning 10 years (2012 to 2021). Social disclosure was based on ESG metric from Refinitiv Eikon database, while firm value was measured by Tobin's Q and Market to Book Value. The study outcome showed significant negative effects of social disclosure on the two proxies of firm value. In contrast, Muthia et al. (2024) obtained an outcome which showed that the effect of social



disclosure on firm was insignificant. The study centred on eight firms in the energy sector listed on the Indonesian Stock Exchange from 2017 to 2021 using multiple regression for analysis. Global Reporting initiative (GRI) indicators were used as metrics for social disclosure while Tobin's Q was proxy for firm value.

Executive Compensation and Firm Value

Prior empirical literature on the effect of executive compensation (EC) on firm value (FV) include those of Abudy et al (2020) which explored 20 financial institutions listed on Tel-Aviv Stock Exchange in Israel from 2014 to 2016 using multiple regression. Total recorded executive compensation was used to measure EC, while market capitalization as well as market to book value was used to measure FV. The result of the analysis in this study showed that EC had significant effect on both proxies of FV in this context. Similarly, Wang et al. (2021) focused on 121 global energy companies listed with S&P Global 250 Energy from 2010 to 2019. Cash payment was used as proxy for EC; whereas, Tobin's Q was used to measure market value. The study was underpinned by agency theory, tournament theory and social network theory. The outcome of the regression analysis in the study showed that EC had significant positive effect on value.

Anchoring on agency theory, Zik-Rullahi and Farouk (2021) examined 14 listed commercial banks in Nigeria from 2007 to 2018 using multiple regression. CEO pay and compensation to chairmen and highest paid director were used as proxies for EC, while Tobin's Q was used as measure for FV. The research comparatively examined effect of the proxies of EC on FV of high and low levered banks in Nigeria. The outcome of the study showed that CEO pay had significant positive effect on FV of both low and high levered banks. In addition, compensation to chairmen and highest paid director had negative effect on FV of high and low levered banks. Also, drawing from agency theory, Zoghlami (2021) examined 155 listed companies on Société des Bourses Françaises 120 Index (SBF 120) in France from 2009 to 2018 using regression analysis. Gross executive compensation was used to measure EC, while Tobin's Q was used for FV. The outcome of the research showed that EC had significant negative effect on FV.

The preceding works focused on the direct effect among the concepts of CSR expenditure, social disclosure, firm value and executive compensation. Although, a few works studied the moderating role of EC; however, these works focused on variables other than CSR expenditure, social disclosure and FV.

Moderating Role of Executive Compensation

Extant studies which centered on moderating role of executive compensation include that of Safiq et al. (2021) which examined the effect of tax avoidance on FV using EC as a moderator. This was carried out using 58 Indonesian firms from 2016 to 2019, and the result of the study showed that EC had significant moderating effect on the relationship between tax avoidance and FV. In the same vein, Zhang (2022) examined A-share companies from 2016 to 2021, and the result showed that EC played a positive significant role in moderating the effect of R&D investment on enterprise performance. Similarly, Zhang and Xu (2023) focused on listed A-share manufacturing firms from 2014 to 2021, and the outcome of the study showed that the moderating effect of EC on digital transformation and absorption capacity was positive and significant. Apparently, there is paucity of empirical literature on the moderating role of EC on the effect of CSR expenditure as well as social disclosure on FV. Accordingly, this study focused on both direct and indirect effects of CSR expenditure and social disclosure on FV. In addition, the moderating role of EC on the effects of CSR expenditure and social disclosure on FV was also considered.



3. Methodology

The population of this study consists of the 21 consumer goods firms listed on the Nigerian Exchange (NGX). Using purposive sampling technique, 16 firms were selected on the basis of listing period as well as availability of annual reports with the NGX. Secondary data relating to firms' annual reports were sourced from the official database of the NGX and other relevant sources. This study employed content analysis for social disclosure; for this purpose, the items for social disclosure were based on themes derived from Refinitiv Eikon (2022), consisting of nine themes from four main categories. The themes include: community, human right, responsible marketing, product quality, data privacy, diversity and inclusion, career development and training, working condition, health and safety. The social categories include community, human right, product responsibility and workforce. In addition, CSR expenditure was based on actual monetary values, and these expenditure figures were used for descriptive statistics (Naira in million - N'M), this is also applicable to executive compensation. However, for the regression analysis these figures were presented in natural logarithm for data manageability.

Multiple regression and moderated regression (interaction analysis) were employed in this study; alongside diagnostic and post estimation tests such as multicollinearity, normality, heteroscedasticity, Hausman specification and Lagrangian multiplier tests. The dependent variable for the study is firm value (FV) measured by Tobin's Q (TBQ). The independent variables are CSR Expenditure (CSRX) and Social Disclosure (SOCD). Firm-specific control variables include Firm Size (FMZ) and Return on Assets (ROA). Thus, the models for this study are given as:

$$TBQ_{i,t} = \beta_0 + \beta_1 CSRX_{i,t} + \beta_2 SOCD_{i,t} + \beta_3 FMZ_{i,t} + \beta_4 ROA_{i,t} + \epsilon_{i,t} \dots \dots \dots (1)$$

$$TBQ_{i,t} = \beta_0 + \beta_1 EXCOM_{i,t} + \beta_2 FMZ_{i,t} + \beta_3 ROA_{i,t} + \epsilon_{i,t} \dots \dots \dots (2)$$

$$TBQ_{i,t} = \beta_0 + \beta_1 (CSRX_{i,t} * EXCOM_{i,t}) + \beta_2 (SOCD_{i,t} * EXCOM_{i,t}) + \beta_3 FMZ_{i,t} + \beta_4 ROA_{i,t} + \epsilon_{i,t} \dots \dots \dots (3)$$

Where: TBQ = Tobin's Q; CSRX = Corporate social responsibility expenditure; SOCD = Social disclosure; EXCOM = Executive compensation; FMZ = Firm size; ROA = Return on Assets
 β_0 = Intercept; $\beta_1 - \beta_4$ = Coefficients of independent, moderating and control variables, i, t = Individual firms at time t , ϵ = Error term.

Measurements of the variables as follows:

TBQ: $\frac{\text{Equity Market Value} + \text{Debt}}{\text{Total Assets}}$ where Equity Market Value = closing share price x number of outstanding shares (Astuti et al., 2018; Cho et al., 2019; Adiputra & Hermawan, 2020).

CSRX: Total annual CSR expenditure (Sulaiman et al., 2018; Hersugondo et al., 2019; Bani Khaled et al., 2021)

SOCD: $\frac{\text{Number of social items disclosed}}{\text{Total number of social indicators}}$ (Utomo et al., 2020; Alta'any et al., 2024)

EXCOM: Total annual monetary compensation to executives (Ataünal & Aybars, 2018; Saidu & Lawal, 2020).

FMZ: Natural logarithm of total assets (Jihadi et al., 2021).

ROA: $\frac{\text{Operating Profit}}{\text{Total Assets}}$ (Inyada, 2018).



Results and Discussion

Analysis of data and findings of the study are discussed in this section. These are presented under appropriate headings.

Table 1

Summary of Descriptive Statistics

Variable	Obs	Mean	S/Dev.	Min Mean	Max Mean	Skewness	Kurtosis
Tbq	288	2.003	0.140	1.722	2.706	2.631	11.113
Csrx_ ₦'M	288	68.691	251.783	0.000	3465.160	9.616	119.790
Socd	288	0.507	0.230	0.000	1.000	-0.375	2.947
Excom_ ₦'M	288	264.871	657.106	0.000	5844.612	5.707	40.352
Fmz	288	10.111	2.102	4.048	13.589	-0.921	3.629
Roa	288	0.073	0.464	-1.529	6.174	8.906	117.377

Source: Data proceeds with STATA 14.2

Observing from Table 1, the data distribution shows 288 firm-year observations, representing 16 consumer goods firms over a period of 18 years. With regards to TBQ, the average is 2.003; in addition, the highest and lowest value for TBQ is 2.706 and 1.722 respectively. Centring on CSRX, the mean, minimum and maximum mean are 68.691, 0.000 and 3465.160 respectively, expressed as Naira in million (N'M) of actual CSR expenditure. This shows that the average CSR expenditures by the sampled firms over the 18 years is N68.691M, while the maximum expenditure on CSR activities is N3465.160M. In addition, the minimum mean of 0.000 is evidence that during the coverage period, some firms did not make any expenditure towards CSR. Focusing on SOCD, the mean of 0.507 shows that, on the average, social disclosures by the firms during the period was 50% of the total social disclosure items. The minimum mean of 0.000 indicates that some firms did not disclose social information; whereas, the maximum mean of 1.000 shows that a few firms made full disclosure of the ideal items in their annual reports over a number of years.

EXCOM shows that the maximum annual compensation to executives over the 18-year period was N5844.612M, while the minimum mean of 0.000 is as a result of a particular firm not reflecting executive compensation in its annual report over a few years. Moreover, the average annual compensation paid to executives was N264.871M. Focusing on FMZ, the sizes of sampled firms as expressed in natural logarithm of total assets shows mean of 10.111. Besides, firms vary in sizes, with the largest having an asset base of 13.589 and the smallest of 4.048. In addition, ROA shows that the average of 0.073, indicating that on the average, the sampled firms were able to make 7% return on total assets during this period. The maximum ROA is 6.174 while a loss on assets was obtained by a firm with minimum mean of -1.529 due to losses incurred during the period under review.

Employing coefficient of variation to determine the level of spread between the mean and the standard deviation, the data distributions of CSRX, EXCOM and ROA are dispersed having standard deviations of 251.783, 657.106 and 0.464 respectively, indicating high variability with series of outliers. On the other hand, TBQ and FMZ have low standard deviations of 0.140 and 2.102 respectively; indicating that the data distribution of these variables is clustered around the mean, while SOCD has moderate variability with standard deviation of 0.230. Based on the thresholds for skewness and kurtosis given by Brown and Greene (2006), the data distributions of TBQ, SOCD and FMZ fell within the threshold of -3 and +3 for skewness with values of 2.631, -0.375 and -0.921 respectively. On the other hand, only SOCD and FMZ fell within the threshold of -10 and +10 for kurtosis with values of 2.947 and 3.629 respectively.



Table 2

Result from Multicollinearity Test

Variables	Model 1		Model 2	
	VIF	1/VIF	VIF	1/VIF
Excom			1.010	0.988
Csrx	1.030	0.974		
Socd	3.230	0.309		
Fmz	4.110	0.243	2.791	0.358
Roa	2.970	0.336	2.810	0.356
Mean VIF	2.830		2.200	

Source: Data proceeds with STATA 14.2

The result of multicollinearity test in Table 2 shows that VIFs of all the variables for both models 1 and 2 are less than 5. Likewise, the mean VIF for models 1 and 2 are 2.830 and 2.200 respectively. The tolerance level (1/VIF) of each of the variables is above 0.100, implying the absence of multicollinearity among the control and explanatory variables of the study.

Table 3

Post Estimation Tests

Tests	Model 1		Model 2	
	Chi ² /Chibar ²	Prob>chi ² /chibar ²	Chi ² /Chibar ² /F-test	Prob>chi ² /chibar ² /Prob>F
Heteroscedasticity	219.920	0.000	255.880	0.000
Hausman Specification	2.300	0.712	10.480	0.015
F-Test			31.470	0.000
Lagrangian Multiplier	1205.160	0.000		

Source: Data proceeds with STATA 14.2

For both models 1 and 2, the Breusch-Pagan test for heteroscedasticity shows significant probability value (p-val) of 0.000, which indicates the absence of heteroscedasticity in both models. With regards to Hausman specification test, model 1 shows a p-val of 0.712 which is insignificant, therefore the study fails to reject the common null hypothesis that the preferred model is the random effect. Hence, random effect estimation is more suitable for model 1, alongside the result from the Lagrangian multiplier test which is significant at 5%. On the other hand, the Hausman test for model 2 shows p-val of 0.015 which was significant at 5%, indicating that fixed effect is more appropriate, which is further confirmed by the significance of the F-test. However, this study employed robust random effect for analysis of model 1 and robust fixed effect estimation for model 2 due to lack of normality of some variables in the data distribution.

Table 4

Summary Regression Results

Variables	Model 1		Model 2		Model 3	
	Robust Fixed Effect		Robust Fixed Effect		Moderated Regression	
	Coeff.	P-Val.	Coeff.	P-Val.	Coeff.	P-Val
Excom			0.013	0.022		
Csrx	0.195	0.004				
Socd	-0.118	0.012				
Fmz	-0.010	0.386	-0.006	0.581	-0.055	0.000
Roa	-0.010	0.041	-0.022	0.002	0.016	0.012
Csrx*Excom					0.058	0.759
Socd*Excom					0.732	0.000
Constant	2.204	0.000	2.154	0.000	2.461	0.000
R ²	0.276		0.191		0.386	
Prob > F/Chi ²		0.000		0.000		0.000

Source: Data proceeds with STATA 14.2



The regression result for model 1 shows that the effect of CSRX on TBQ is significant and positive, with p-val of 0.004 and a coefficient of 0.195. Implying that, holding all other variables constant, a unit increase in CSR expenditure results in approximately 19% increase in value. This result corroborates those of Amahalu et al. (2017), Hersugondon et al. (2019) and Obiora et al. (2022), with outcome which showed that CSR expenditure has significant positive effect on firm value. On the other hand, the outcome of this study is in contrasts with that of Dharmapala and Khanna (2017) which showed that CSR expenditure had significant negative effect on firm value.

Conversely, SOCD has significant negative effect on value with coefficient of -0.118, indicating that an increase in social disclosure affects firm value adversely. This result is in consonance with those of Abdi et al. (2020) and Júnior et al. (2024). However, the result of this study is in contrast with those obtained by Javanshir et al. (2022), Suretno et al. (2022) and Susbiyani et al. (2022), with significant positive effect of social disclosure on firm value; and Muthia et al. (2024) with outcome which showed that social disclosure had no effect on firm value.

Added to this, FMZ has no effect on TBQ, while ROA has significant adverse effect on TBQ. Anchoring on the results obtained in model 1, this study therefore rejects hypotheses H_{01} and H_{02} of the study, which state that corporate social responsibility expenditure as well as social disclosure (respectively) do not have significant effect on the value of listed consumer goods firms in Nigeria.

With regards to model 2, the regression result shows that EXCOM has significant positive effect on FV, with p-val of 0.022 and coefficient of 0.013. This indicates that a unit increase in EXCOM will result in an increase in value of 0.013, with the assumption that all other variables are held constant. This result corroborates those obtained by Abudy et al (2020), and Zik-Rullahi and Farouk (2021); however, the result contradicts that of Zoghلامي (2021) in which the effect of executive compensation on FV was negative. Similar to the result in model 1, FMZ has no significant effect on FV and ROA has significant adverse effect on firm value. Based on the results from model 2, the study likewise rejects hypothesis H_{03} which states that executive compensation does not have significant effect on the value of listed consumer goods firms in Nigeria.

With regards to the results obtained for model 3, controlling for FMZ and ROA, the moderating role of EXCOM on the effect of CSRX on FV is insignificant, hence, executive compensation has no moderating role on the effect of CSRX on FV. On the other hand, the moderating role of EXCOM on the effect of SOCD on FV is positive and significant, by implication, EXCOM has the potential of influencing the strength and direction of social disclosure on FV, hence the effects of SOCD are stronger on FV via appropriate EXCOM. Based on the outcome in model 3, the study fails to reject Hypothesis H_{04} , which states that executive compensation has no significant moderating effect on corporate social responsibility expenditure and the value of listed consumer goods firms in Nigeria. However, the study rejects H_{05} , which states that executive compensation has no significant moderating effect on social disclosure and the value of listed consumer goods firms in Nigeria.

Therefore, the inferences of the study are that both CSR expenditure and social disclosure have significant effects on firm value; while the effect of CSR expenditure is positive, that of social disclosure is adverse. In addition, executive compensation moderates the effect of social disclosure on firm value positively; whereas, for CSR expenditure, there is no moderation. Moreover, the findings of this study validate the legitimacy theory, which accentuates the view that adequate attention should be channelled towards legitimatising the operations of firms by upholding social norms in terms of good relationships with internal and external stakeholders, benevolence to society and adequate disclosure of social information.

5. Conclusion and Recommendations

Following the preceding findings, this study therefore concludes that both CSR expenditure and social disclosure are instrumental in determining firm value. However, while CSR expenditure



enhances firm value, social disclosure affects value adversely, possibly as a result of increased scrutiny and market perception by investors as well as the general public. The study also concludes that executive compensation does not enhance how CSR expenditure affect firm value. On the other hand, although social disclosure affects firm value adversely, however, executive compensation changed the direction in this case; hence, executive compensation contributes in the positive outcome of social disclosure on firm value positively.

The study recommends that firms should continue to harness CSR strategies to gain competitive advantage and ultimately optimise value. Progressive firms give due consideration to their diverse and numerous stakeholders and strategically implement CSR projects that will increase social acceptance, improve stakeholder perception, enhance good reputation and increase investors' confidence, which is pivotal in determining a firm's value. In addition, the study recommends caution in divulging information relating to a firm's social commitment in terms of its relationship with workforce as well as external stakeholders. Social information should be authentic enough to ameliorate excessive scrutiny, hence social disclosure should not just be perfunctory but should align with the firm's core values.

Firms should leverage the skills, expertise and social aptitude of executives in promoting disclosure of social commitments; and granting adequate compensation to their executives should be giving paramount importance. Besides, long term compensation such as stock options should be considered as this will integrate the interest of the executives with the long-term interests of a firm. However, caution should be exercised by a firm's remuneration committee on the appropriate compensation, as overcompensation could have adverse consequences. On the other hand, inadequate compensation could result in apathy on the part of the executives in implementing CSR endeavours that will eventually improve firm's value via positive image and visibility.

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